



February 20, 2004

---

---

## ENGROSSED SENATE BILL No. 434

---

DIGEST OF SB 434 (Updated February 17, 2004 5:30 pm - DI 92)

**Citations Affected:** IC 6-3.5; IC 36-7.

**Synopsis:** Professional sports development areas. Allows a second class city to adopt a resolution to establish a professional sports and convention development area before January 1, 2005. (Current law provides that a second class city that seeks to establish a professional sports and convention development area must have adopted a resolution before July 1, 2003.) Allows Gary, Indiana to designate more than 1 facility as part of a professional sports and convention development area. Allows Randolph County to spend county economic development income tax (CEDIT) revenue to renovate the county courthouse. Provides that a bond issued to finance a juvenile center in Randolph County may not be redeemed before the bond's final maturity date. Creates the Randolph County volunteer fire recommendation panel. Requires that the wage paid for certain projects funded by CEDIT in Randolph County be at least equal to the common construction wage recommended by the department of workforce development. Provides that 10% of the CEDIT revenue not used to pay bonds or leases to be transferred to the Randolph County Economic Development Foundation to be used only for job training and job creation programs.

**Effective:** Upon passage; July 1, 2004.

---

---

**Paul**

(HOUSE SPONSORS — GRUBB, SAUNDERS, HOFFMAN)

---

---

January 12, 2004, read first time and referred to Committee on Commerce and Consumer Affairs.

January 29, 2004, amended, reported favorably — Do Pass.

February 3, 2004, read second time, ordered engrossed. Engrossed.

February 4, 2004, read third time, passed. Yeas 49, nays 0.

HOUSE ACTION

February 6, 2004, read first time and referred to Committee on Ways and Means.

February 19, 2004, amended, reported — Do Pass.

---

---

ES 434—LS 7237/DI 101+



C  
o  
p  
y

February 20, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 434

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3.5-7-22.5, AS AMENDED BY P.L.224-2003,  
2 SECTION 258, IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2004]: Sec. 22.5. (a) This section applies to a  
4 county having a population of more than twenty-seven thousand four  
5 hundred (27,400) but less than twenty-seven thousand five hundred  
6 (27,500).  
7 (b) In addition to the rates permitted by section 5 of this chapter, the  
8 county council may impose the county economic development income  
9 tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted  
10 gross income of county taxpayers if the county council makes the  
11 finding and determination set forth in subsection (c).  
12 (c) In order to impose the county economic development income tax  
13 as provided in this section, the county council must adopt an ordinance  
14 finding and determining that revenues from the county economic  
15 development income tax are needed to pay the costs of:  
16 (1) financing and renovating the former county hospital for  
17 additional office space, educational facilities, nonsecure juvenile

ES 434—LS 7237/DI 101+



C  
o  
p  
y

facilities, and other county functions, including the repayment of bonds issued, or leases entered into for renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions;

(2) financing, constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; ~~and~~

(3) financing, constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; ~~The revenues from the county economic development income tax imposed under this section may not be used to pay the costs of and~~

**(4) financing, constructing, acquiring, renovating, and equipping the county courthouse.**

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay for the purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county option tax revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

- (1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and
- (2) unique capital financing needs related to the purposes described in subsection (c).

**(h) This subsection applies if a county council pledges, before**

C  
o  
p  
y



July 1, 2004, county economic development income tax revenues derived from the tax rate imposed under this section to the repayment of bonds issued, or leases entered into, for a purpose described in subsection (c)(1). Notwithstanding any provision to the contrary in a bond ordinance or resolution, a bond issued for a purpose described in subsection (c)(1) may not be redeemed or called before the bond's final maturity date as stated in the bond ordinance or resolution. The county council shall spend the county economic development income tax revenues derived from the tax rate imposed under this section as follows:

(1) First, to repay a bond issued or lease entered into for a purpose described in subsection (c)(1).

(2) Revenue not used to pay bonds or leases as described in subdivision (1) shall be distributed as follows:

(A) The balance in the county option tax revenue fund on December 31, 2003, that will not be used to pay bonds or leases shall be transferred under subsection (k).

(B) After December 31, 2003, ten percent (10%) of the revenue received under this section that will not be used to pay bonds or leases shall be transferred annually under subsection (k).

(3) After the payments under subdivision (1) and the transfers under subdivision (2), the remaining revenue shall be spent in equal amounts to pay the following:

(A) Costs described in subsection (c)(2) or (c)(3).

(B) Costs described in subsection (c)(4).

(i) If a county council adopts a tax rate under subsection (b), there is created a volunteer fire department recommendation panel. The panel shall make recommendations to the county council concerning the expenditure of revenues to pay costs described in subsection (c)(3). The panel consists of five (5) members appointed by the county council who:

(1) are affiliated with a volunteer fire department that is located in or serves the county; and

(2) evenly represent the population distribution of the county.

A member serves at the pleasure of the county council.

(j) The wages paid for a project described in subsection (c) must be at least equal to the common construction wage (as defined in IC 5-16-7-4) recommended for the project by the department of workforce development.

(k) The following apply to money distributed under subsection (h)(2):

C  
o  
p  
y



**(1) The money shall be transferred to the Randolph County Economic Development Foundation.**

**(2) The money may be used by the Randolph County Economic Development Foundation only for job training and job creation programs.**

SECTION 2. IC 36-7-31.3-8, AS AMENDED BY P.L.178-2002, SECTION 126, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) ~~Except as provided in subsection (d);~~ A designating body may designate as part of a professional sports and convention development area any facility that is:

(1) owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used by a professional sports franchise for practice or competitive sporting events; or

(2) owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used as one (1) of the following:

(A) A facility used principally for convention or tourism related events serving national or regional markets.

(B) An airport.

(C) A museum.

(D) A zoo.

(E) A facility used for public attractions of national significance.

(F) A performing arts venue.

(G) A county courthouse registered on the National Register of Historic Places.

A facility may not include a private golf course or related improvements. The tax area may include only facilities described in this section and any parcel of land on which a facility is located. An area may contain noncontiguous tracts of land within the city, county, or school corporation.

(b) Except for a tax area that is located in a city having a population of:

(1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or

(2) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

a tax area must include at least one (1) facility described in subsection (a)(1).

(c) Except as provided in subsection (d), a tax area may contain

**C  
o  
p  
y**



other facilities not owned by the designating body if:

(1) the facility is owned by a city, the county, a school corporation, or a board established under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11; and

(2) an agreement exists between the designating body and the owner of the facility specifying the distribution and uses of the covered taxes to be allocated under this chapter.

~~(d) In a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), the designating body may designate only one (1) facility as part of a tax area. The facility designated as part of the tax area may not be a facility described in subsection (a)(1).~~

SECTION 3. IC 36-7-31.3-9, AS AMENDED BY P.L.178-2002, SECTION 127, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) A tax area must be initially established by resolution:

(1) except as provided in subdivision (2) before July 1, 1999; or

(2) in the case of a second class city, before ~~July 1, 2003;~~  
**January 1, 2005;**

according to the procedures set forth for the establishment of an economic development area under IC 36-7-14. A tax area may be changed or the terms governing the tax area revised in the same manner as the establishment of the initial tax area. Only one (1) tax area may be created in each county.

(b) In establishing the tax area, the designating body must make the following findings instead of the findings required for the establishment of economic development areas:

(1) Except for a tax area in a city having a population of:

(A) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or

(B) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used by a professional sports franchise for practice or competitive sporting events. A tax area to which this subdivision applies may also include a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(2) For a tax area in a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), there is a capital improvement that will be

C  
o  
p  
y



1 undertaken or has been undertaken in the tax area for a facility  
2 that is used for any purpose specified in section 8(a) of this  
3 chapter.

4 (3) For a tax area in a city having a population of more than  
5 ninety thousand (90,000) but less than one hundred five thousand  
6 (105,000), there is a capital improvement that will be undertaken  
7 or has been undertaken in the tax area for a facility that is used for  
8 any purpose specified in section 8(a)(2) of this chapter.

9 (4) The capital improvement that will be undertaken or that has  
10 been undertaken in the tax area will benefit the public health and  
11 welfare and will be of public utility and benefit.

12 (5) The capital improvement that will be undertaken or that has  
13 been undertaken in the tax area will protect or increase state and  
14 local tax bases and tax revenues.

15 (c) The tax area established under this chapter is a special taxing  
16 district authorized by the general assembly to enable the designating  
17 body to provide special benefits to taxpayers in the tax area by  
18 promoting economic development that is of public use and benefit.

19 **SECTION 4. An emergency is declared for this act.**

C  
o  
p  
y



## COMMITTEE REPORT

Madam President: The Senate Committee on Commerce and Consumer Affairs, to which was referred Senate Bill No. 434, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 5, strike "subdivision" and insert "**subdivisions**".

Page 1, line 5, after "(2)" delete "," and insert "**and (3),**".

Page 1, line 5, strike "or".

Page 1, line 6, after "(2)" insert "**except as provided in subdivision (3),**".

Page 1, line 6, reset in roman "July 1, 2003;".

Page 1, line 7, delete "**January 1, 2005;**" and insert "**or**".

Page 1, between lines 7 and 8, begin a new line block indented and insert:

**"(3) for the city of Richmond, before January 1, 2005;"**.

Page 2, between lines 31 and 32, begin a new paragraph and insert:

**"SECTION 2. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "tax area" has the meaning set forth in IC 36-7-31.3-6.**

**(b) The general assembly finds that there is a greater likelihood of success in achieving professional sports economic development if the local jurisdiction has sufficient population to support a professional sports franchise as evidenced by consistent attendance at the facility before the extension of the tax benefit. In this act, the general assembly extends the time frame for establishing a tax area to the city of Richmond based on the general assembly's determination that the city's success in collecting retail taxes associated with the sporting event attendance will provide a solid foundation to increased taxes in support of the tax area.**

**(c) This SECTION expires January 1, 2006."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 434 as introduced.)

SERVER, Chairperson

Committee Vote: Yeas 8, Nays 0.

C  
o  
p  
y





## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 434, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-3.5-7-22.5, AS AMENDED BY P.L.224-2003, SECTION 258, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 22.5. (a) This section applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500).

(b) In addition to the rates permitted by section 5 of this chapter, the county council may impose the county economic development income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers if the county council makes the finding and determination set forth in subsection (c).

(c) In order to impose the county economic development income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county economic development income tax are needed to pay the costs of:

- (1) financing and renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions, including the repayment of bonds issued, or leases entered into for renovating the former county hospital for additional office space, educational facilities, nonsecure juvenile facilities, and other county functions;
- (2) financing, constructing, acquiring, renovating, and equipping buildings for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; ~~and~~
- (3) financing, constructing, acquiring, and renovating firefighting apparatus or other related equipment for a volunteer fire department (as defined in IC 36-8-12-2) that provides services in any part of the county; ~~The revenues from the county economic development income tax imposed under this section may not be used to pay the costs of and~~
- (4) financing, constructing, acquiring, renovating, and equipping the county courthouse.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is

C  
o  
p  
y



necessary to pay for the purposes described in this section.

(e) The county treasurer shall establish a county option tax revenue fund to be used only for the purposes described in this section. County economic development income tax revenues derived from the tax rate imposed under this section shall be deposited in the county option tax revenue fund before making a certified distribution under section 11 of this chapter.

(f) County economic development income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) A county described in subsection (a) possesses:

- (1) unique fiscal challenges to finance the operations of county government due to the county's ongoing obligation to repay amounts received by the county due to an overpayment of the county's certified distribution under IC 6-3.5-1.1-9 for a prior year; and
- (2) unique capital financing needs related to the purposes described in subsection (c).

**(h) This subsection applies if a county council pledges, before July 1, 2004, county economic development income tax revenues derived from the tax rate imposed under this section to the repayment of bonds issued, or leases entered into, for a purpose described in subsection (c)(1). Notwithstanding any provision to the contrary in a bond ordinance or resolution, a bond issued for a purpose described in subsection (c)(1) may not be redeemed or called before the bond's final maturity date as stated in the bond ordinance or resolution. The county council shall spend the county economic development income tax revenues derived from the tax rate imposed under this section as follows:**

- (1) First, to repay a bond issued or lease entered into for a purpose described in subsection (c)(1).**
- (2) Revenue not used to pay bonds or leases as described in subdivision (1) shall be distributed as follows:**
  - (A) The balance in the county option tax revenue fund on December 31, 2003, that will not be used to pay bonds or leases shall be transferred under subsection (k).**
  - (B) After December 31, 2003, ten percent (10%) of the**

C  
o  
p  
y



revenue received under this section that will not be used to pay bonds or leases shall be transferred annually under subsection (k).

(3) After the payments under subdivision (1) and the transfers under subdivision (2), the remaining revenue shall be spent in equal amounts to pay the following:

(A) Costs described in subsection (c)(2) or (c)(3).

(B) Costs described in subsection (c)(4).

(i) If a county council adopts a tax rate under subsection (b), there is created a volunteer fire department recommendation panel. The panel shall make recommendations to the county council concerning the expenditure of revenues to pay costs described in subsection (c)(3). The panel consists of five (5) members appointed by the county council who:

(1) are affiliated with a volunteer fire department that is located in or serves the county; and

(2) evenly represent the population distribution of the county.

A member serves at the pleasure of the county council.

(j) The wages paid for a project described in subsection (c) must be at least equal to the common construction wage (as defined in IC 5-16-7-4) recommended for the project by the department of workforce development.

(k) The following apply to money distributed under subsection (h)(2):

(1) The money shall be transferred to the Randolph County Economic Development Foundation.

(2) The money may be used by the Randolph County Economic Development Foundation only for job training and job creation programs.

SECTION 2. IC 36-7-31.3-8, AS AMENDED BY P.L.178-2002, SECTION 126, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) ~~Except as provided in subsection (d);~~ A designating body may designate as part of a professional sports and convention development area any facility that is:

(1) owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used by a professional sports franchise for practice or competitive sporting events; or

(2) owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used as one (1) of the following:

C  
o  
p  
y



- (A) A facility used principally for convention or tourism related events serving national or regional markets.
- (B) An airport.
- (C) A museum.
- (D) A zoo.
- (E) A facility used for public attractions of national significance.
- (F) A performing arts venue.
- (G) A county courthouse registered on the National Register of Historic Places.

A facility may not include a private golf course or related improvements. The tax area may include only facilities described in this section and any parcel of land on which a facility is located. An area may contain noncontiguous tracts of land within the city, county, or school corporation.

(b) Except for a tax area that is located in a city having a population of:

- (1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or
- (2) more than ninety thousand (90,000) but less than one hundred five thousand (105,000);

a tax area must include at least one (1) facility described in subsection (a)(1).

(c) Except as provided in subsection (d), a tax area may contain other facilities not owned by the designating body if:

- (1) the facility is owned by a city, the county, a school corporation, or a board established under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11; and
- (2) an agreement exists between the designating body and the owner of the facility specifying the distribution and uses of the covered taxes to be allocated under this chapter.

~~(d) In a city having a population of more than ninety thousand (90,000) but less than one hundred five thousand (105,000), the designating body may designate only one (1) facility as part of a tax area. The facility designated as part of the tax area may not be a facility described in subsection (a)(1)."~~

Page 1, line 5, delete "subdivision subdivisions (2) and (3)," and insert "subdivision (2)".

Page 1, line 6, reset in roman "or".

Page 1, line 7, delete "except as provided in subdivision (3)".

Page 1, line 8, strike "July 1, 2003;"

Page 1, line 8, delete "or" and insert "**January 1, 2005;**".

C  
o  
p  
y



Page 1, delete line 9.

Page 2, delete lines 34 through 42.

Page 3, delete lines 1 through 4.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 434 as printed January 30, 2004.)

CRAWFORD, Chair

Committee Vote: yeas 15, nays 9.

**C  
o  
p  
y**

